Attachment A - Illustrative Journal Entries

First Year of Implementation

Investment Security	A Beginning Cost	B Beginning Fair Value	C Purchases	D Sales	E Subtotal	F Ending Fair Value	G Change in Fair Value	H Unrealized Gain (Loss)
Security # 1	$ 100	$ 100	$ -	$ -	$ 100	$ 120	$ 20	$ 20
Security # 2	520	540	-	-	540	510	(30)	(10)
Security # 3	200	240	-	250	(10)	-	10	-
Security # 4	-	-	330	-	330	315	(15)	(15)
Total	$ 820	$ 880	$ 330	$ 250	$ 960	$ 945	$ (15)	$ (5)

Calculation of Change in Fair Value - Aggregate Method

Fair value at June 30, 1998	$ 945
Add: Proceeds of investments sold during 1997-98	250
Less: Cost of investments purchased during 1997-98	330
Less Fair value at July 1, 1997	880
Change in fair value of investments (combined effect of realized and unrealized gains and losses)	$ (15)

Activity for Months 1 through 12

Account No.	Description	Debit	Credit

(In the A/C # column, the "-" indicates that various accounts can be used.)

1. 01280   Allowance - fair value of investments held by college $ 60
   -     Beginning fund balance adjustment $ 60
   (To record prior period adjustment for beginning fair value (B - A).)

2. -   Investments   330
   -     Cash   330
   (To record the purchase of security #4.)

3. -   Cash   250
   -     Investments (cost)   200
   1913X   Net increase (decrease) in fair value of investments   50
   (To record sale of security #3 (D - A).)

Activity for Year-End Close Out

Account No.	Description	Debit	Credit
4. 1913X	Net increase (decrease) in fair value of investments	$ 60	
01280	Allowance - fair value of investments held by college		$ 60
	(To record reversing entry for unrealized gain recognized in prior period.)		
5. 1913X	Net increase (decrease) in fair value of investments	5	
01280	Allowance - fair value of investments held by college		5
	(To record unrealized loss on investments held at end of year (F - A = H).)		

Appendix A - Subsequent Year of Implementation

Subsequent Year of Implementation

Investment Security	A Beginning Cost	B Beginning Fair Value	C Purchases	D Sales	E Subtotal	F Ending Fair Value	G Change in Fair Value	H Unrealized Gain/(Loss)
Security # 1	$ 100	$ 120	$ -	$ 110	$ 10	$ -	$ (10)	-
Security # 2	520	510	-	-	510	550	40	30
Security # 4	330	315	-	325	(10)	-	10	-
Security # 5	-	-	310	-	310	300	(10)	(10)
Total	$ 950	$ 945	$ 310	$ 435	$ 820	$ 850	$ 30	$ 20

Calculation of Change in Fair Value - Aggregate Method

Fair value at June 30, 1999	$	850
Add: Proceeds of investments sold during 1998-99		435
Less: Cost of investments purchased during 1998-99		310
Less Fair value at July 1, 1998		945
Change in fair value of investments (combined effect of realized and unrealized gains and losses.)	$	30

Activity for Months 1 through 12

Account No.	Description	Debit	Credit

(In the A/C # column, the "-" indicates that various accounts can be used.)

1.
   - Cash — $ 110
   - Investments (cost) — $ 100
   - 1913X Net increase (decrease) in fair value of investments — 10
   (To record the sale of security #1 for a sales price of 110 (D - A).)

2.
   - Cash — 325
   - 1913X Net increase (decrease) in fair value of investments — 5
   - Investments (cost) — 330
   (To record sale of security #4 for a sales price of 325 (D - A).)

3.
   - Investments — 310
   - Cash — 310
   (To record the purchase of security #5.)

Activity for Year-End Close Out

	Account No.	Description	Debit	Credit
4.	01280	Allowance - fair value of investments held by college	$ 5	
	1913X	Net increase (decrease) in fair value of investments		$ 5
		(To record reversing entry for unrealized loss recognized in prior period.)		
5.	01280	Allowance - fair value of investments held by college	20	
	1913X	Net increase (decrease) in fair value of investments		20
		(To record unrealized gain on investments held at end of year (F - A = H).)		